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RUTHS HOTEL A/S
HANS RUTHS VEJ 1, 9990 SKAGEN
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019
32nd FINANCIAL YEAR

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 2 September 2020**

Torben Ballegaard Sørensen

CVR NO. 11 81 09 85

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COMPANY DETAILS

Company	Ruths Hotel A/S Hans Ruths Vej 1 9990 Skagen CVR No.: 11 81 09 85 Established: 1 January 1988 Registered Office: Frederikshavn Kommune Financial Year: 1 January - 31 December
Board of Directors	Torben Ballegaard Sørensen, chairman Anne-Marie Krog Helle Dyhr Jensen Mark Murray Preston Mark Philip Sørensen Peter Christian Bühlmann Jensen
Board of Executives	Tom Boye
Auditor	BDO Statsautoriseret revisionsaktieselskab Spliidsvej 25 A, Box 170 9990 Skagen
Bank	Sparekassen Vendsyssel Sct. Laurentii Vej 33 9990 Skagen
Law Firm	HjulmandKaptain Frederikshavnsvej 215 9800 Hjørring

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Ruths Hotel A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Skagen, 1 May 2020

Board of Executives

Tom Boye

Board of Directors

Torben Ballegaard Sørensen
Chairman

Anne-Marie Krog

Helle Dyhr Jensen

Mark Murray Preston

Mark Philip Sørensen

Peter Christian Bühlmann Jensen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ruths Hotel A/S

Opinion

We have audited the Financial Statements of Ruths Hotel A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, cash flows, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Skagen, 1 May 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Allan Andersen
State Authorised Public Accountant
MNE no. mne31387

FINANCIAL HIGHLIGHTS

	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000
Income statement					
Gross profit/loss.....	24,884	24,473	23,697	22,903	20,069
Operating profit/loss before depreciation/EBITDA.....	5,105	5,080	4,726	4,496	2,930
Operating profit/loss.....	2,333	2,192	2,034	1,934	844
Financial income and expenses, net.....	1	0	-10	32	63
Profit/loss for the year before tax.....	2,334	2,192	2,024	1,966	906
Profit/loss for the year.....	2,334	2,192	2,024	1,966	906
Balance sheet					
Balance sheet total.....	129,163	125,991	124,415	122,997	99,431
Equity.....	121,167	119,333	117,641	115,868	93,650
Cash flows					
Cash flows from operating activities.....	5,695	4,960	4,891	6,613	1,829
Cash flows from investment-related activities.....	-1,031	-7,736	-2,559	-1,815	-2,541
Cash flows from financing activities.....	-500	-500	-250	0	0
Total cash flows.....	4,164	-3,276	2,082	4,798	-712
Investment in tangible fixed assets.....	-1,031	-7,736	-2,585	-1,877	-2,541
Ratios					
Solvency ratio.....	93.8	94.7	94.6	94.2	94.2

The ratios stated in the list of key figures and ratios have been calculated as follows:

Solvency ratio:
$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The principal activities comprise hotel operations and food service, administration of real estate as well as other business related hereto in the opinion of the Board of Directors.

Development in activities and financial position

The results and financial development of the company were better than foreseen.

The company achieved a profit of DKK ('000) 2,334 in 2019 against DKK ('000) 2,192 in 2018. The results of the company for 2019 are considered satisfactory.

Significant events after the end of the financial year

After the end of the financial year, we have seen an outbreak of the Covid-19 virus.

The company's activities have since the outbreak in March and until the presentation of the annual report been considerably impacted, resulting in a significant decrease in revenue.

The company started takeaway activities in the period and made use of the aid packages.

It is Management's assessment that the outbreak will have considerable negative consequences for the results in the coming financial year.

In view of the company's liquidity and an assessment of the aid packages, it is Management's assessment that the company will be able to get through the current situation with a significant decline in revenue.

Except as described above, no events have happened from the balance sheet date and to this date that will change our assessment the annual report.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK
GROSS PROFIT		24,883,962	24,472,644
Staff costs.....	1	-19,778,764	-19,392,576
Depreciation, amortisation and impairment.....		-2,772,089	-2,887,949
OPERATING PROFIT		2,333,109	2,192,119
Other financial income.....		1,622	1,737
Other financial expenses.....		-864	-1,987
PROFIT BEFORE TAX		2,333,867	2,191,869
Tax on profit/loss for the year.....		0	0
PROFIT FOR THE YEAR		2,333,867	2,191,869
 PROPOSED DISTRIBUTION OF DIVIDEND			
Proposed dividend for the year.....		0	500,000
Retained earnings.....		2,333,867	1,691,869
TOTAL		2,333,867	2,191,869

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK
Land and buildings.....		104,779,435	105,478,381
Other plant, tools and equipment.....		2,911,846	3,953,829
Tangible fixed assets.....	2	107,691,281	109,432,210
Equity investments in associated enterprises.....		20,000	20,000
Fixed asset investments.....	3	20,000	20,000
FIXED ASSETS.....		107,711,281	109,452,210
Raw materials and consumables.....		1,400,008	1,245,337
Finished goods and goods for resale.....		111,790	133,068
Inventories.....		1,511,798	1,378,405
Trade receivables.....		2,303,940	1,649,039
Other receivables.....		312,767	262,140
Prepayments and accrued income.....		76,021	160,750
Receivables.....		2,692,728	2,071,929
Other securities and equity investments.....		20,000	20,000
Current investments.....		20,000	20,000
Cash and cash equivalents.....		17,227,056	13,068,385
CURRENT ASSETS.....		21,451,582	16,538,719
ASSETS.....		129,162,863	125,990,929
EQUITY AND LIABILITIES			
Share capital.....		16,600,000	16,600,000
Retained earnings.....		104,566,836	102,232,969
Proposed dividend.....		0	500,000
EQUITY.....	4	121,166,836	119,332,969
Bank debt.....		6,893	11,849
Prepayments received from customers.....		217,975	159,380
Trade payables.....		696,224	571,076
Payables to group enterprises.....		500,000	0
Payables to owners and Management.....		0	44,127
Other liabilities.....		2,971,795	2,905,986
Accruals and deferred income.....		3,603,140	2,965,542
Current liabilities.....		7,996,027	6,657,960
LIABILITIES.....		7,996,027	6,657,960
EQUITY AND LIABILITIES.....		129,162,863	125,990,929
Contingencies, etc.	5		
Charges and securities	6		

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	2019 DKK	2018 DKK
Profit/loss for the year.....	2,333,867	2,191,869
Reversed depreciation of the year.....	2,772,089	2,887,949
Change in inventory.....	-133,393	-216,449
Change in receivables.....	-620,799	187,181
Change in current liabilities (ex bank and tax).....	1,343,023	-90,902
CASH FLOWS FROM OPERATING ACTIVITY.....	5,694,787	4,959,648
Purchase of tangible fixed assets.....	-1,031,160	-7,736,023
CASH FLOWS FROM INVESTING ACTIVITY.....	-1,031,160	-7,736,023
Dividend paid in the financial year.....	-500,000	-500,000
CASH FLOWS FROM FINANCING ACTIVITY.....	-500,000	-500,000
CHANGE IN CASH AND CASH EQUIVALENTS.....	4,163,627	-3,276,375
Cash and cash equivalents at 1 January.....	13,056,536	16,332,911
CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....	17,220,163	13,056,536
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	17,227,056	13,068,385
Bank debt.....	-6,893	-11,849
CASH AND CASH EQUIVALENTS, NET.....	17,220,163	13,056,536

NOTES

	2019 DKK	2018 DKK	Note	
Staff costs			1	
Average number of employees 51 (2018: 49)				
Wages and salaries.....	17,924,300	17,728,386		
Pensions.....	803,919	736,825		
Social security costs.....	429,316	395,788		
Other staff costs.....	621,229	531,577		
	19,778,764	19,392,576		
 Tangible fixed assets			 2	
		Land and buildings	Other plant, tools and equipment	
Cost at 1 January 2019.....	139,033,571	23,776,610		
Additions.....	769,900	261,258		
Cost at 31 December 2019.....	139,803,471	24,037,868		
Depreciation and impairment losses at 1 January 2019.....	33,555,189	19,822,780		
Depreciation for the year.....	1,468,847	1,303,242		
Depreciation and impairment losses at 31 December 2019...	35,024,036	21,126,022		
Carrying amount at 31 December 2019.....	104,779,435	2,911,846		
 Fixed asset investments		Equity investments in associated enterprises	 3	
Cost at 1 January 2019.....		20,000		
Cost at 31 December 2019.....		20,000		
Carrying amount at 31 December 2019.....		20,000		
 Equity			 4	
	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2019.....	16,600,000	102,232,969	500,000	119,332,969
Dividend paid.....			-500,000	-500,000
Proposed distribution of profit.....		2,333,867		2,333,867
Equity at 31 December 2019.....	16,600,000	104,566,836	0	121,166,836

NOTES**Note****Contingencies, etc.****5****Contingent assets**

The company has at 31 December 2019 an unrecognised deferred tax asset of DKK ('000) 24,157.

Contingent liabilities**Operating lease**

The company has entered into an operating lease contract with an average annual lease payment of DKK ('000) 33.

The lease contract has a residual term of 46 months with a total residual lease payment of DKK ('000) 128.

Charges and securities**6**

The company has issued mortgage deeds of a total amount of DKK ('000) 11,500. The amount has been provided as security for bank balances.

ACCOUNTING POLICIES

The Annual Report of Ruths Hotel A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security, etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Investments in associates

Dividend received is recognised in the company's income statement.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from transactions in foreign currencies. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Land and buildings, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	20-50 years	40 %
Other plant, fixtures and equipment.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Equity investments in associates are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the amount is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the amount is written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

ACCOUNTING POLICIES

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Investments

Investments, recognised as current assets, comprise current investments that are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.